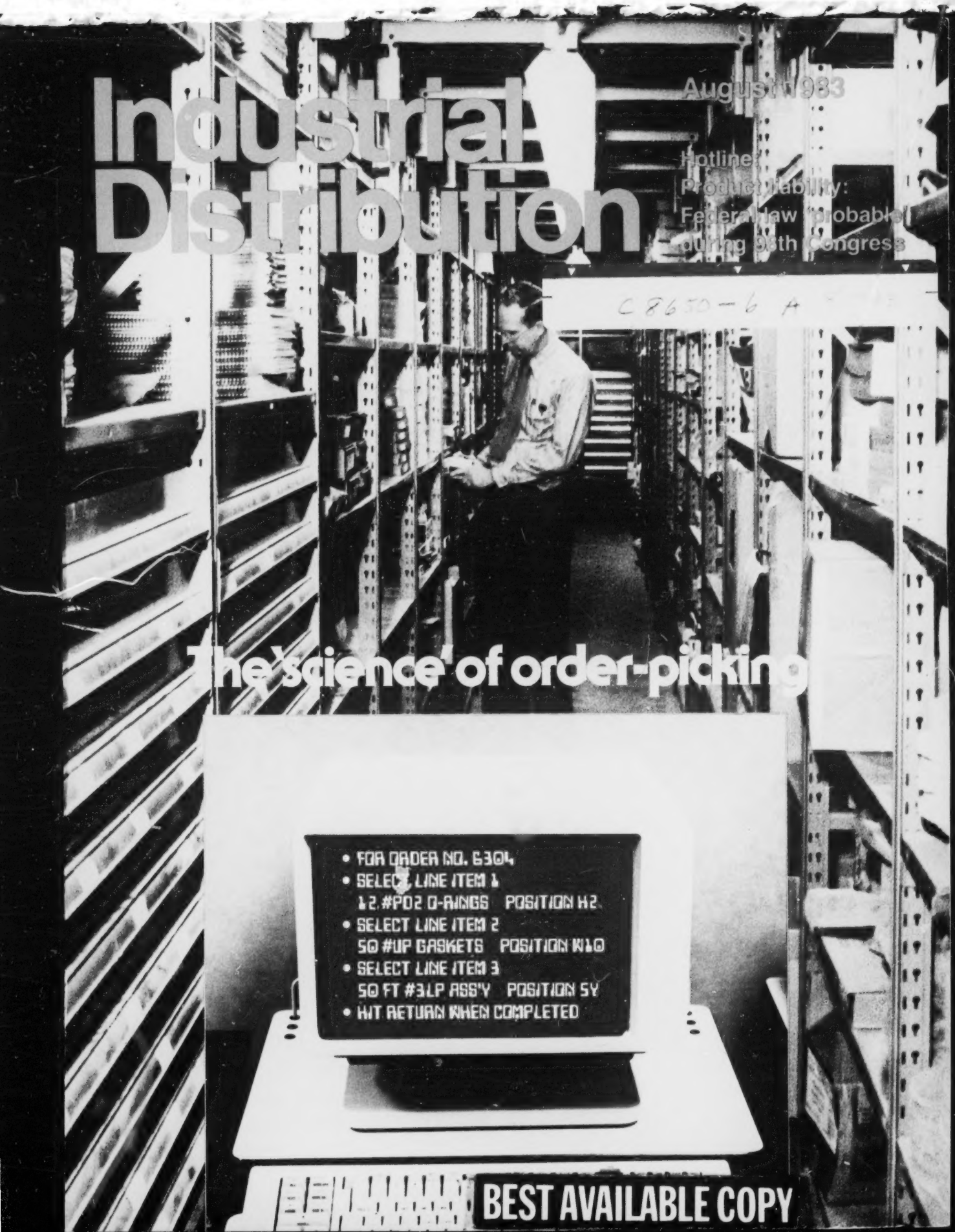
Industrial Distribution
August 1983
Hotline
Product liability:
Federal law probable during 98th Congress
C8650-6 A
The 'science' of order-picking
• FOR ORDER NO. 6304
• SELECT LINE ITEM 1
12 #PD2 O-RINGS POSITION H2
• SELECT LINE ITEM 2
50 #UP GASKETS POSITION W10
• SELECT LINE ITEM 3
50 FT #3LP ASS'Y POSITION 5Y
• HIT RETURN WHEN COMPLETED

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Indicators . . .

The *NIDA/SIDA Industrial Distribution Index* declined by 1.1% in May, from 113.5 to 112.0. According to the NIDA/SIDA report, a slight downturn in the purchase of MRO supplies from industrial distributors may indicate customer inventory levels have caught up with the demand of the slow but steady economic recovery. The *NIDA/SIDA Industrial Supply Inflation Index* rose from 154.8 in March to 155.1 in April, or 0.2% . . .

The *ASMMA New Order Index* rose to 88.2 in April, up 2.3 points or 2.7% from March. The index is a two-month moving average of the current month and the preceding month adjusted for seasonal factors and the number of working days in each month . . .

Net new orders for U.S. machine tools gained 14% in May compared to April, according to the National Machine Tool Builders' Assn. The monthly order total of $135,450,000 represents a 28% increase over May 1982. Industry shipments declined, however, dropping 10% from April to $135,850,000 . . .

The Welding Supply Index, compiled by the National Welding Supply Assn., which has a membership of 1100 welding supply distributors, rose 4.5% in May to 149.3, compared to April's reading of 142.8. NWSA, through a sampling of its distributors, predicts a strong recovery late in the third quarter . . .

The *Hardware Sales Index* shows an 8% increase nationally in May—from 97.1 to 108.6 . . .

The Copper & Brass Servicecenter Assn. reports a minor build-up of inventory during May, as shipments of free cutting brass rod rose 11% over April to 99.3 on the *CBSA Index*. With summer usually slow for metals distributors, any dramatic improvements in coppermetals shipments will probably not occur until late in the third quarter . . .

The *Purchasing Managers' Composite Index*, prepared by the National Association of Purchasing Management, registered 59.6% in June, up sharply from 55.1% in May. The Conference Board's Consumer Confidence Index rose to 82.7, up nearly 2.5 points from April, its fifth consecutive monthly gain.

NAW testimony favors industrial development bonds

WASHINGTON—The National Assn. of Wholesaler-Distributors, in testimony to the House Committee on Ways and Means, defended use of small issue Industrial Development Bonds (IDBs) by wholesaler-distributors to help finance construction or modernization of their warehouses.

The 1982 Tax Equity and Fiscal Responsibility Act (TEFRA) sought to prevent those in the private sector who are otherwise able to finance the construction of commercial buildings, from using IDBs. TEFRA also contained a 1986 sunset provision for small issue IDBs, a measure strongly opposed by NAW. "Sunsetting," means that 1986 would be the last year IDBs could be obtained. The reason for wanting their discontinuance has been abuse in the past: massage parlors, poorly managed fast-food businesses, etc., existing by virtue of government sponsored IDBs.

A new bill, H.R. 1635, the Industrial Development Bond Limitation Act, further seeks to tighten the IDB eligibility standards and procedures for obtaining a bond, legislation NAW vice president-government relations John Fitch termed unnecessary in his testimony. Stated Fitch: "TEFRA removed the IDB abuse problem. However, to the extent that H.R. 1635 does not repeal IDBs, NAW would actually support it. There is no evidence justifying the need to sunset small issue IDB use." □

CPM program upgrades buyer sophistication, gains wide recognition

ORADELL, NJ—A program leading to a Certified Purchasing Manager certificate (CPM), has gained national recognition and acceptance and is still growing dramatically, according to the National Association of Purchasing Management, the organization that founded the program in 1974.

States NAPM's Kay Ellen Schroeter, the program's certification administrator: "Distributors who deal with people having a CPM certificate, will find that they are not dealing with order writers but buyers who have sophisticaton, who know markets, prices and trends, and who may still need to be educated about a particular product line but are better able to analyze your presentation than in the past."

Some 9000 individuals have been certified since the program's inception, and a host of organizations such as the U.S. Dept. of Defense, the National Assn. of Educational Buyers, the Pacific Northwest Purchasing Assn., and the National Purchasing Institute, support the program. In a recent NAPM survey, it was found that 18% of employers prefer the CPM status in hiring new employees and over 50% encourage their employees to gain the education by reimbursing them for examinations and other related costs.

The certification process is open to anyone engaged in or studying purchasing or materials management, whether or not they are a member of NAPM. Applicants for the program must meet a number of requirements for certification. These include: (1) five years of experience in purchasing or materials management, or a degree from a recognized college plus three years of related experience; (2) successful completion of a four-module examination; (3) continuing education; (4) contributions to the purchasing profession.

For further information, contact Kay Ellen Schroeter, Certification Administrator, NAPM, 496 Kinderkamack Rd., Oradell, NJ 07649. □

New York Twist Drill in reorganization; Thomas Wright named president

MELVILLE, NY—New York Twist Drill, based in Melville, NY, and Ramsey, NJ, as well as its subsidiary, The John Bath Co., Worcester, MA, in a move to restructure and reorganize the company, has announced, through their parent company, The Laird Group Ltd., London, the appointment of Thomas G. Wright as president. Wright will replace Mark Hammer (son of the founder) who has resigned to pursue other personal business interests.

Thomas G. Wright

Wright, the company's former vice president of manufacturing, states: "In the face of a declining market and softening prices, NYTD faces the need for changes already taken by many of its major competitors, where they have had reorganization, closing of outdated facilities, reducing of capacity or relocation." □

[continued on page 9]

May sales break into plus column

For the first time in 17 months, sales nationally have broken into *plus* territory, up 2% in May '83 against May '82.

In regional reporting, May '83 vs. May '82 showed some healthy gains, with the Mountain, East North Central and New England areas leading the way, showing gains of 39%, 14%, and 13% respectively. Not every region was up, however, as a few hefty minus signs remain for West South Central, East South Central, and West North Central which indicate declines of 19%, 12% and 11%, respectively.

The most bullish figures are found in month-to-month reporting, where a setback in April sales were solidly reversed in May. Just about every single region, as well as area, was in the plus column. These figures are more uniform and less extreme than the sudden double digit increases that were reported in March, only to be wiped out in April, and tend to confirm May's national, year-to-year statistics.

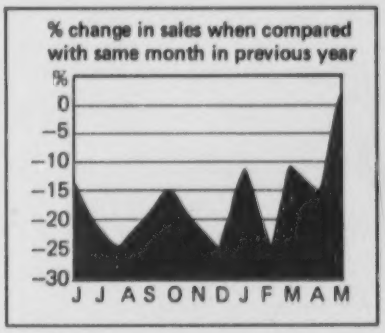
The largest gain, 14%, was recorded for both the West North Central and Mountain regions. The Middle Atlantic and East South Central were the only regions not showing pluses. The Middle Atlantic (0 or even) was pulled down by the −8% figure for the New York Metropolitan Area. The East South Central region indicates negatives in every category reporting.

All of the regions show negatives for the first five months of '83 against '82, which is to be expected as the recovery did not start for distributors until the second quarter.

Receivables also improved in May for general liners and specialists, dropping to 39.7 and 41.6 days, respectively. □

RECEIVABLES*	May '83 Gen.	May '83 Spec.	May '82 Gen.	May '82 Spec.
New England	49.7	47.5	49.6	50.7
Middle Atlantic	39.7	45.1	44.2	48.5
South Atlantic	34.9	33.7	36.6	34.7
East North Central	38.2	41.4	42.2	44.7
East South Central	35	33	38	37
West North Central	42	33.8	37	35.7
West South Central	—	44.2	—	50.5
Mountain	—	—	—	—
Pacific	40.2	41.7	37.6	44.8
National	39.7	41.6	41.4	44.7

*Average days outstanding



Sales show strong gain in May...

SALES BY REGIONS (% change)	May '83 vs. April '83 Gen.	Spec.	Both	May '83 vs May '82 Gen.	Spec.	Both	1st 5 Mos. '83 vs. 1st 5 Mos. '82 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+9	+7	+8	+10	+17	+13	−9	−5	−7
Connecticut	+9	−15	+3	+11	+5	+10	−12	−15	−13
Massachusetts	+6	+11	+10	+11	+19	+16	−7	−4	−5
MIDDLE ATLANTIC: NY, NJ, PA	−5	+5	0	−12	−7	−9	−20	−14	−17
New York Metropolitan Area	−7	−9	−8	−13	−12	−13	−19	−18	−19
Upstate New York	+1	+6	+3	−8	−5	−7	−17	−17	−17
Pennsylvania	−6	+15	+4	−13	+9	−3	−21	−4	−14
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+5	+2	+3	−12	+7	−3	−11	+5	−3
Georgia-Florida	+8	+3	+5	+3	+1	+2	−7	+4	+1
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+8	0	+4	+15	+14	+14	0	−6	−3
Indiana	+8	−1	+7	+10	−28	+5	+2	−19	0
Wisconsin	—	+3	+3	—	+20	+20	—	−6	−6
Chicago	+3	−16	−9	+49	+16	+28	−8	+3	−1
Michigan	+4	+7	+6	−1	+23	+10	−4	+3	−1
Ohio	+11	+10	+11	+19	+6	+14	+4	−15	−3
EAST SOUTH CENTRAL: AL, MS, KY, TN	−4	−6	−4	−10	−22	−12	−17	−27	−19
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	+18	+13	+14	−2	−14	−11	−33	−24	−27
WEST SOUTH CENTRAL: AK, LA, OK, TX	+7	+1	+3	−20	−19	−19	−28	−32	−31
Texas	—	+1	+1	—	−19	−19	—	−32	−32
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	+14	+17	+14	+46	+9	+39	−8	+6	−6
PACIFIC: CA, OR, WA	−2	+7	+2	−2	+17	+5	−15	0	−9
L.A.-San Diego	+9	+13	+12	+5	+21	+16	−1	+6	+4
Oregon-Washington	−5	+5	−1	−2	+16	+5	−17	−2	−12
U.S. TOTALS	+4	+4	+4	0	+5	+2	−11	−8	−9

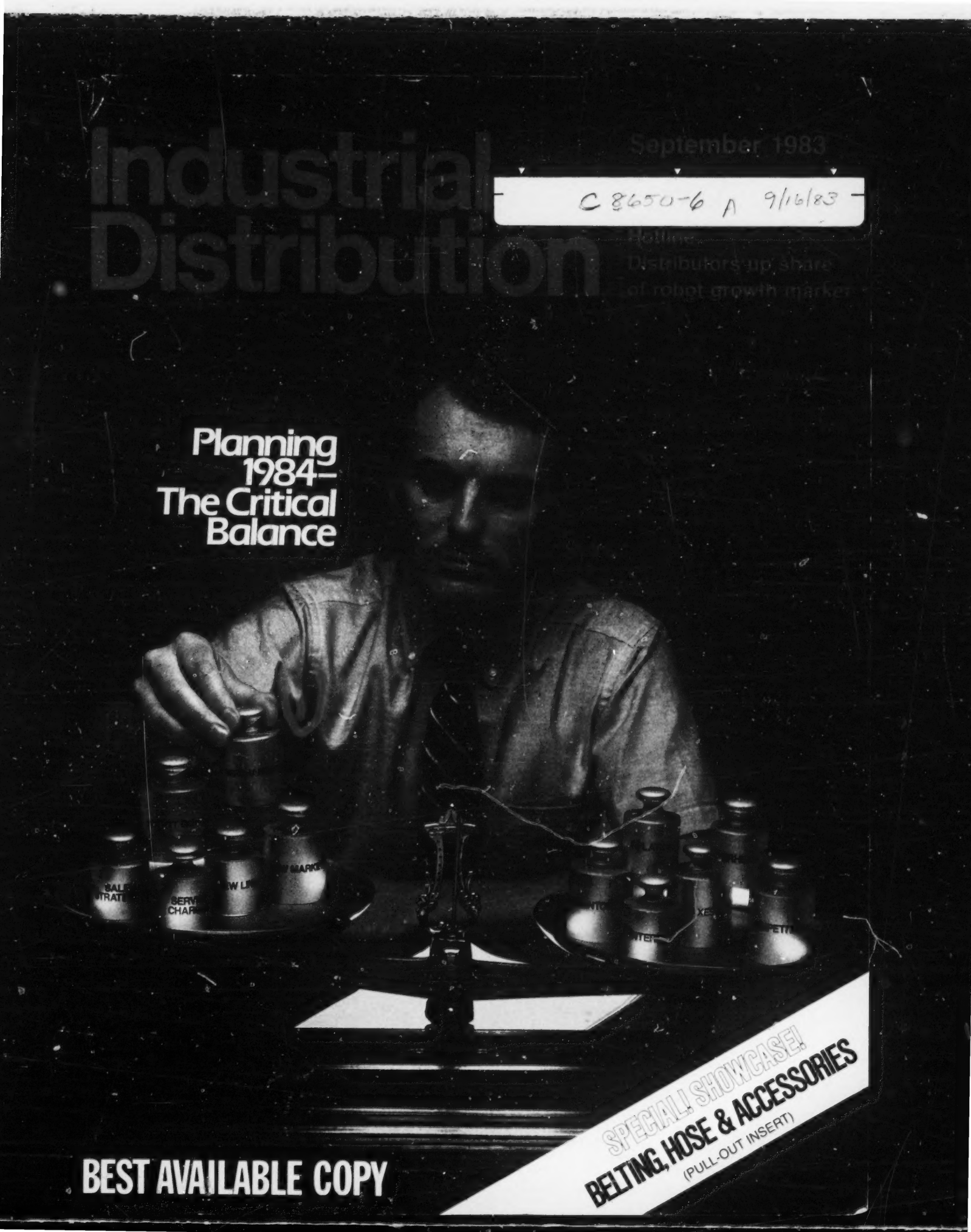
Industrial Distribution

September 1983

C8650-6 A 9/16/83

Hollins
Distributors up share
of robot growth market

Planning 1984— The Critical Balance



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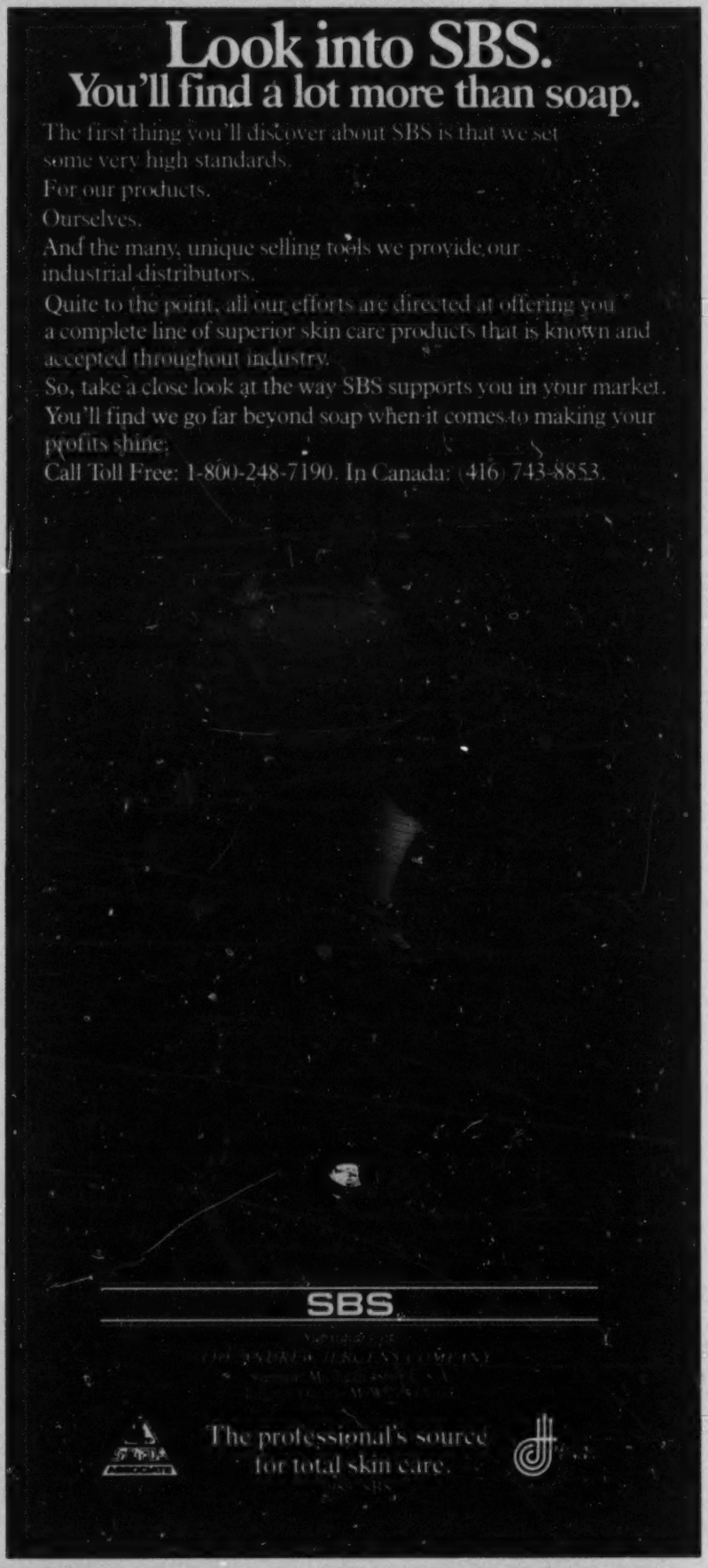
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Indicators . . .

Although the *NIDA-SIDA Industrial Distribution Index* declined for the second consecutive month from 112.0 to 111.6 in June, a 0.4% drop, other industry figures showed upward trends, creating a mixed bag of indicators. According to the index, all regions experienced a decline with the exception of the southern region, which showed a gain of 3.9 points, moving from 112.9 to 116.8. The *NIDA-SIDA Industrial Supply Inflation Index* showed no change for June, remaining at the 155.1-level it scored in May . . . The *SIDA Monthly Sales Trend Report* for May recorded a sales increase of 4.26 points over the previous month while showing sales to be 9.08 points behind May, 1982. Year-to-date figures have this year's sales 15.43 points behind last year . . . The *ASMMA New Order Index* rose 3.4 points to 91.6 in May, up 3.8% from April . . . New machine tool sales by distributors declined 4.4% in May from the previous month; however, the *Distributors New Orders Trend* (a 12 month moving average) rose slightly, showing its first monthly gain since August, 1981, according to the American Machine Tool Distributors' Assn. Sales turned around in June to register a 3.7% gain over May and the *Distributors New Orders Trend* recorded its second consecutive monthly gain. Orders for metal cutting machine tools registered a 8.2% decline in May over April and showed a 6.7% increase in June over May. At the same time, orders of metal forming machine tools scored a 14.9% increase in May over the previous month and showed a decline of 9.1% in June over May . . . According to the National Machine Tool Builders Assn., net new orders increased by 7.4% in June over May totals, and shipments were up 34.7%. Year-to-date, however, shipments in the first half of 1983 were 55.7% behind the same period a year ago . . . The *Welding Supply Index*, compiled by the National Welding Supply Assn., rose 1.7% in June to 151.7, compared to May's level of 149.3. This is the index's highest level since March, 1982 . . . The *Hardware Sales Index*, compiled by the National Wholesale Hardware Assn., stood at 104.4 for June, down 4.2 points from the previous month's 108.6.

Circle 8

Acquisitions slow as transaction cost jumps

CHICAGO—Acquisition activity in the wholesale/distribution industry continued to slow during the first six months of 1983, according to Duff & Phelps, Inc., an investment research and financial consulting firm. Completed acquisitions totalled 39 in the first half of 1983, compared to 46 in the last half of 1982 and 64 in the first half of 1982.

Publicly-held companies remained active acquirers of wholesale/distribution firms. In the first half of 1983, 69% of all buyers were publicly held, compared to 67% in 1982 and 74% in 1981. The percentage of privately-owned sellers held steady at the 1982 figure of about 65%, compared with 70% in 1981.

Four companies were involved in more than one transaction during the first half of 1983. Among them were Kaman Corp., which expanded its bearing distribution business through the acquisition of Tek Bearing and two branches of Coastal Plains Inc., and Honolulu-based Amfac, Inc., which acquired three industrial supply businesses, located in Houston, from Supply Corp. International.

The average acquisition transaction of $25.6 million increased from the 1982 average of $19.4 million. Duff & Phelps attributes this jump, in part, to the completion of several large transactions. The average price to earnings ratio of 11.5 is up from 9.8 in 1982. This ratio remains lower than that for acquisitions of U.S. manufacturing companies.

The average premium paid over net worth continued to fall in the first half of 1983, slipping to 110% from an average of 125% in 1982. □

Wholesale distribution acquisition activity

	Six months ended 6/30/83	Six months ended 6/30/82	Year ended 12/31/82	Year ended 12/31/81
Number of transactions	39	64	110	111
Average transaction (millions)	$25.6	$23.2	$19.4	$13.3
Price earnings/ratio	11.5	10.5	9.8	9.9
Price to net worth	110%	128%	125%	132%

[continued from page 11]

sives, has acquired Abrasive Fabricating Co. in Brookville, Ohio. The acquisition effects a broadening of Standard Abrasives' product line and delivery capability.

Abrasive Fabricating Div. is producing a complete line of specialty abrasives. The Division will remain in Brookville and will continue to be managed by John McAdams, president. □

Business letter costs going up, says study

CHICAGO—According to a Dartnell Institute of Business Research annual survey, dictating, transcribing and sending the "average" business letter is costing $7.60 in 1983, a 6.9% increase over last year.

The bulk of the increase was due to higher

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Circle 11

Regional Report

June sales hold small gain

The 2% gain recorded nationally in May (the first time in 17 months distributor sales were in the plus column), held in June, inching up slightly to 5% over 1982.

All of the regions reporting year-to-year comparisons were in the plus column, most ranging between 1 and 5%. Several areas, however, still hung out minus signs, notably Connecticut, Massachusetts and Michigan.

In month-to-month reporting, which some hold to be more reflective of changing economic conditions, the picture is more mixed, although here too the pluses have it. Those regions and areas showing negatives are down no greater than 2%, while some hefty gains are in evidence, the most notable coming from the Ohio area where similar gains were indicated last month.

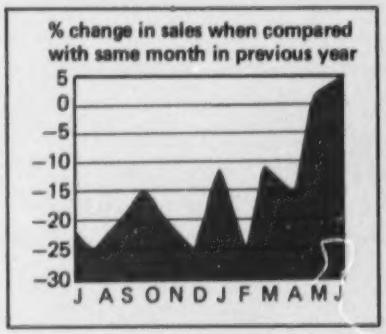
As to be expected, the first six months of '83 against '82 are still negative. These figures, supplied by distributors from their latest records, are indicative of the lag in the industry's recovery. Only as the year progressively improves will these figures get better, most probably showing some gains in the last quarter of the year.

Receivables for June '83 vs. June '82 indicate no meaningful difference in the national figures, similar to last month which was a marked improvement over the April report. But some regions in June do show receivables dropping to the 33-34 day range, the lowest in quite some time.

Wherever dashes appear in either table, reporting from the area/region was insufficient to provide a meaningful statistic. □

RECEIVABLES*	June '83 Gen.	June '83 Spec.	June '82 Gen.	June '82 Spec.
New England	40.3	42.7	41.7	47.8
Middle Atlantic	42.6	49.8	41.2	47.9
South Atlantic	33.3	33.9	36.6	34.7
East North Central	37.5	38.4	38.8	38.8
East South Central	36.9	—	33.9	—
West North Central	43.8	36.9	37.1	40.7
West South Central	—	—	—	—
Mountain	—	—	—	—
Pacific	40.3	38.3	39.2	38.9
National	39.1	43.5	37.9	44.2

*Average days outstanding



Sales maintain upward trend in June . . .

SALES BY REGIONS (% change)	June '83 vs. May '83 Gen.	Spec.	Both	June '83 vs June '82 Gen.	Spec.	Both	1st 6 Mos. '83 vs. 1st 6 Mos. '82 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+1	−2	−1	−6	+2	+1	−8	−5	−6
Connecticut	−2	—	−2	−12	—	−12	−12	—	−12
Massachusetts	−1	—	−1	−3	—	−3	−8	—	−8
MIDDLE ATLANTIC: NY, NJ, PA	+14	+6	+9	−9	−2	+5	−18	−26	−22
New York Metropolitan Area	+9	+1	+4	—	—	—	−18	−19	−19
Upstate New York	+6	+19	+13	−12	+1	+3	−16	−14	−15
Pennsylvania	+12	+6	+9	+1	+9	+10	−18	0	−18
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+9	+10	+10	—	+15	+12	−9	+8	−1
Georgia-Florida	—	—	—	—	—	—	—	—	—
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+6	+1	+4	—	+7	+6	−1	−5	−2
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	0	−2	−2	+4	+7	+4	−1	−4	−3
Chicago	—	—	—	—	—	—	—	—	—
Michigan	+6	—	+6	−2	—	−2	−10	—	−10
Ohio	+11	+12	+12	+5	+16	+13	+5	−13	−5
EAST SOUTH CENTRAL: AL, MS, KY, TN	+6	—	+6	+4	—	+4	−4	—	−4
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	—	+18	+10	+8	+10	+4	−28	−14	−17
WEST SOUTH CENTRAL: AK, LA, OK, TX	−3	+3	+3	—	—	—	—	—	—
Texas	—	—	—	—	—	—	—	—	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	+18	+4	+3	−3	−3	0	−13	−1	−9
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	−2	+15	+4	—	—	—	−14	+1	−6
U.S. TOTALS	+6	+5	+6	−9	−3	+5	−9	−10	−9

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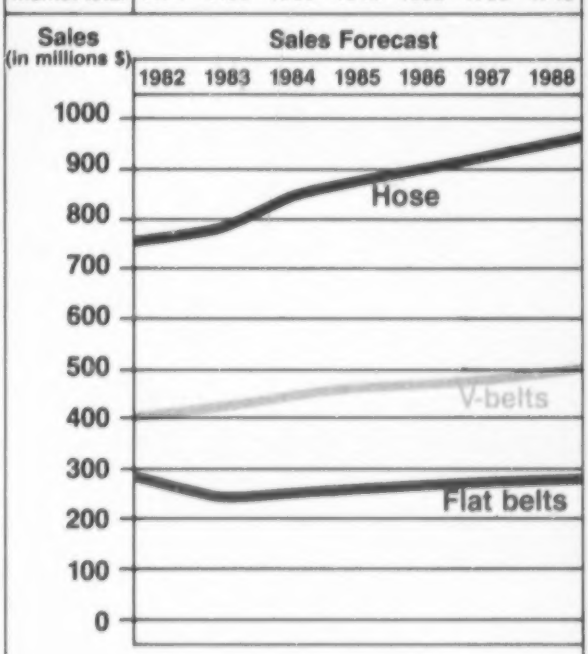
Market Forecast

U.S. shipments in millions of dollars

	1982	1983	1984	1985	1986	1987	1988
Hose	779	790	850	875	900	925	950
Flat belting	280	250	260	270	278	285	295
V-belts	415	425	450	465	480	490	500
Market total	1474	1465	1560	1610	1658	1700	1745



Source: Rubber Manufacturers Assn.

- Expect 3.9% average annual growth
- Reinforced hose will lead at 4.3%
- Demand for hydraulic hose will rise with growth of self-contained systems
- More competition will enter the hose and belt market as distribution trends toward specialization
- Robotics and more exotic automation will up R&D and sale of precision PT belt and fluid power supplies
- V-belt sales are increasing faster than originally predicted
- Distributor specialization will see more of them adding salable services

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Circle 38

Industrial Distribution

October 1983

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C8650-6A 10/17/83

Fringe benefits: how much, how many?

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BETHESDA MD 20814

State of the industry . . .
Power transmission: 1983

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INDUSTRY NEWS...

Indicators . . .

All indications are that the economic recovery is continuing to take hold. After a two month decline, the *NIDA-SIDA Industrial Distribution Index* rose from the previous month's 111.6 to 112.2 in July, a 0.5% increase. All regions registered gains, with the West showing the largest gain, 2.3 points, moving from 140.0 to 142.3. The *NIDA-SIDA Industrial Supply Inflation Index* rose from 155.1 in June to 155.3, or 0.1% . . . While recording a sales increase of 8.48 points over the previous month, the *SIDA Monthly Sales Trend Report* for June showed sales to be 2.72 points behind June, 1982. Year-to-date figures put this year's sales 15.24 points behind last year . . . The *ASMMA New Order Index* was up to 100.4 for June, an increase of 8.8 points, or 9.6%, from the previous month . . . Net new orders for U.S. machine tools rose 19% in July when compared to June, reports the National Machine Tool Builders Assn., while July industry shipments fell 40% compared to the month previous. Year-to-date orders for the first seven months were down 11% and shipments were off 56% from 1982 . . . After showing gains for six consecutive months, The Conference Board's *Consumer Confidence Index* moved down to 84.2 from the 84.9 reading it registered in June. However, The Conference Board reports that the level of consumer confidence remains firm . . . According to the American Machine Tool Distributors' Assn., sales of new machine tools in the U.S. were up 17.7% in July as compared to June, and the *Distributors New Orders Trend* (a 12 month moving average) registered its third consecutive monthly increase. Orders for metal cutting machine tools were up 18.3% in July, as compared to June, while orders for metal forming machine tools rose 6.1% in July compared to the previous month.

$3 million facility to supply customized inch/metric sublands

BROOKFIELD, WI—Responding to increasing market demand, Guhring Inc. has invested $3-million in new equipment and a new facility to be used exclusively for the manufacture of subland drills. The plant was started-up in November, 1982 and became fully operational in January.

The need for the new facility became apparent, explained Greg Rees, president, as demand for subland drills continued to increase during the generally adverse economic conditions experienced in the recent past. Major customers for the drills, to be custom made in inch and metric sizes in the new plant are the automotive and machine tool industries

The subland drill is a form of step drill that competes with traditional step drills by offering sustained concentricity, easier sharpening and, reportedly, better overall performance.

Located adjacent to the firm's warehouse and main offices, the new plant has increased its production staff from 12 to 42 in September. □

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REGIONAL REPORT

Six month review . . .

Mixed sales for first half of '83

An examination of the figures on sales for the first half of 1983, pitted against 1982, reveals a mixed picture which indicate that for a good many industrial distributors, the recovery has yet to be realized.

For the country, a drop of 9% over 1982's figures are indicative of the late start of the recovery in industrial distribution. First quarter figures were sharply down, and some improvement, which included small gains, were not evident until the second quarter of the year. Here the gains were not significant enough to pull the averages out of the minus column.

The month-to-month figures reflect the slow improvement in business which could not be gleaned from year-to-year comparisons. Although the rise of 2% on average does not constitute much of a recovery, these figures could jump dramatically for the third and fourth quarters if business picks up steam. These figures tend to "lead" both the yearly comparisons and cumulative totals in that they are more immediately indicative of business changes.

Cumulative totals show the steepness of the decline as a carryover from '82 into the first quarter of '83. The decline was 12% for the first three months of '83 against '82, and the improvement to -9% on average for the first six months of '83 indicates a very modest improvement at best. If the improvement were to continue throughout the second half of '83 at the same pace, year end cumulative comparisons would show '83 to be just about even with '82.

The region showing one of the best improvements is East North Central, with Indiana, Ohio and Chicago leading the way. The region with the most depressed figures is the Middle Atlantic, although month-to-month reports indicate steadily improving conditions. The region showing the least extremes is South Atlantic, with GA—FL surprisingly registering mostly plus signs.

Undoubtedly there are regions of the country, and areas within the regions, that have recorded the first half of 1983 as a turnaround period with good sales and profits. But the mixed results gathered from taking into account all parts of the country, indicate there are also a significant number of areas that have recorded the opposite: poor sales, poor profits, and no recovery. □

Six-month review: average changes

SALES BY REGIONS (% change)	Dec. '82-May '83 month-to-month Gen.	Spec.	Both	Jan.-June '83 vs. Jan.-June '82 Gen.	Spec.	Both	1st 6 Mos. '83 vs. '82 cumulative totals Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+5	+3	+3	−10	−7	−7	−13	−13	−12
Connecticut	+6	+3	+3	−11	−12	−11	−16	−22	−17
Massachusetts	0	—	0	−8	—	−5	−9	—	−8
MIDDLE ATLANTIC: NY, NJ, PA	+3	0	0	−19	−15	−15	−22	−20	−21
New York Metropolitan Area	+4	+6	+5	−12	−19	−17	−15	−20	−18
Upstate New York	−2	0	−1	−17	−18	−16	−18	−18	−18
Pennsylvania	+4	+4	+3	−21	−3	−11	−25	−5	−17
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+2	+1	+1	−9	+6	−1	−7	+8	0
Georgia-Florida	+7	+2	+3	−5	+3	+2	−8	+8	+5
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+8	+3	+6	−3	−4	−2	−5	−10	−7
Indiana	+5	−5	+4	+1	−5	+2	−1	−5	+3
Wisconsin	+4	+3	+3	−4	−5	−2	−5	−12	−9
Chicago	—	+18	+20	—	−1	−1	—	−4	−8
Michigan	+9	+4	+4	−5	−3	−5	−4	−11	−5
Ohio	+13	+7	+8	+3	−9	+1	−1	−17	−6
EAST SOUTH CENTRAL: AL, MS, KY, TN	+3	−8	0	−8	−16	−9	−8	−15	−9
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	+6	+10	+10	−9	−14	−14	−21	−17	−19
WEST SOUTH CENTRAL: AK, LA, OK, TX	+8	+1	+3	−20	−36	−32	−28	−34	−32
Texas	—	+1	+1	—	−36	−36	—	−34	−34
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	+3	+8	+6	+1	0	+1	−11	+1	−7
PACIFIC: CA, OR, WA	+6	+6	+6	−15	−1	−9	−20	−2	−13
L.A.-San Diego	+11	+6	+8	−12	+3	−3	−14	+3	−5
Oregon-Washington	+1	+6	+4	−19	−1	−12	−23	−4	−16
U.S. TOTALS	+2	+3	+2	−13	−6	−9	−10	−9	−9

***Temporary drops in number of replies, or major changes in a region's business account for high and low averages.**

Fringe benefits: how much, how many?

The conventional fringe benefit package hasn't changed much over the recent past. The biggest change is how fringes are being melded for maximum return to company and employee.

Salesmen in a firm in southern California make their rounds in company-rented Mercedes-Benzes. In Iowa, one firm's salesmen keep in touch with customers and headquarters from their phone-equipped cars. In a wholesaling firm in a southeastern city, salesmen's commissions and salaries are so liberal and so motivating that their conventional fringe benefit package is hardly better than that of the blue-collar warehouse worker. In a smallish company in Chicago, some of the employees receive extra benefits in whatever they want within reason, in one case, to sustain a staffer's art collection. And these aren't arbitrary awards. *They are stipulated in the employee contract.*

Management isn't restricted to a specific package," one consultant told ***ID***. "You have to package it," he explained, "so you get what you need from the employee. Except what you're committed to by law or perhaps by a union agreement, the fringe benefits can be anything you want them to be. You want a motivated, satisfied worker, and fringes help," he said. "What attracts the right candidate, what keeps him or her happy and encouraged to do the best possible job, that's what fringe benefits are all about. Don't ever let them be taken for granted," he added. "Some fringes are standard, others have to be earned by performance."

By Y.D. Scholar
Senior Editor

Taken for granted

When accepting a job, it is generally taken for granted that compensation for services rendered will include, in addition to salary, such things as paid vacations, holidays and sick leave. And more often than not, an employee can usually count on receiving some kind of fringe benefits package that may contain medical and life insurance plans, a pension program, a profit-sharing plan, and even a company subsidized cafeteria.

What most people do not realize is that except for salary and payments into the Social Security fund, and in some states short-term disability payments, all remuneration received by non-government employees, and this includes vacation, holidays, sick leave and medical insurance, have no legal basis, are considered fringe benefits, and are given, technically, at the discretion of the employer.

The reality, of course, is that some fringe benefits have become so much a part of our way of life, such as Christmas and New

Fringe benefits . . .

Year's Day being paid holidays, that receiving them is virtually automatic.

However, not all fringe benefits are automatic and as companies compete to attract and retain the services of quality individuals, the importance of offering employees comprehensive, competitive fringe benefits packages grows.

"We find," says Milton Cotter, president, Profiles International, a Ft. Worth-based management consultant firm, "that the distributor doing $6-$8 million in business a year has the opportunity to attract top talent and keep it from going to the larger companies, and one way to accomplish this is through a program of fringe benefits."

Employees in general are becoming more concerned with what the future has in store for them, says Edgar S. Ellman, president, Edgar S. Ellman & Assoc., Chicago-based personnel consultants, and they are therefore more interested in a benefits program. Also, young people are cognizant of the tax benefits inherent in receiving remuneration via fringe benefits.

In the National Assn. of Manufacturers' *Enterprise* magazine, Dallas L. Salisbury, executive director, Employee Benefit Research Institute, Washington, is somewhat more dramatic in his assessment of the importance of benefits to the employer: "All signs point to the fact that a company's very survival is becoming increasingly dependent on benefits issues."

The human element

Cotter sees fringes as a way to add a human element to the employer-employee relationship, something he feels has been neglected at great cost by business since the end of World War II.

"By saying that people are as easily replaceable as a piece of machinery, a tool, we have downgraded our most valuable asset," he explains. "As a result, productivity in U.S. industry has fallen off rather substantially."

The Profiles International president points to Germany and Japan as examples of countries that have placed a higher emphasis on their people and have therefore experienced greater overall productivity.

In order for American companies to increase productivity, Cotter says, it is necessary to motivate the worker by showing him more concern and getting him more involved in the business in a personal way. "One manifestation of this desire is to offer fringe benefits; they show that you take an interest in your employees and their families. And the employees will, for the most part, respond in kind once they think of the business as something more than just a place where they can collect a paycheck."

A company that seems to be practicing this philosophy is Ziegler Tools, Inc., a general line industrial distributor in Atlanta. "We think it is important to make the employees realize that they are a part of the company and that they should share what the company has to offer," says William R. Ziegler, president. "We want to retain employees on a personal basis. This is a relatively small company and we want to show our employees that we can offer more personal things than a large company can. And this works; we have been able to hang onto good people for many years."

Larry Coker, president, Acme Industrial Supply Co., Los Angeles, also feels that offering employees fringe benefits really pays off. "Most of our people have been with us a long time; some have been here 25 or 30 years. We show them that we appreciate their loyalty by showing our own loyalty to them and there is no better way to do this than through fringe benefits."

Thinking along similar lines is Bruno Mauer, president, Rickert Industrial Supply Co., Milwaukee, who uses fringes to show employees that they are valued. "We lay out plenty of money for fringe benefits," he says. "Why? Because we need the help of good, well-trained, committed people and we want them to know that they are not just a bunch of numbers on a payroll."

Whatever the reasoning behind a company's offering fringe benefits to employees, there is no doubt that periodically every firm needs to reevaluate its own benefits package in light of the rising cost of providing fringes as well as the increasing portion of total compensation represented by a staggering array of employee benefits.

According to a U.S. Chamber of Commerce survey of over 100 nonmanufacturing companies, 40.7% of payroll went toward employee benefits in 1981 as compared to the 26.3% of payroll allocated in 1961(see chart). Industrial distributors, estimates Edgar Ellman, presently have upwards of 20% of their payrolls going towards fringe benefits.

Because the personnel side of the business is not geared to making profits for the company, says Ellman, it is often slighted by management. Many companies do not employ personnel directors and employee benefits are not always developed systematically. Often, there is no written record of the firm's benefit policy.

This kind of neglect can not only lead to inconsistent benefit policies within a company, but can be quite costly if the employer does not have a firm grasp on what it is costing him to provide employee benefits.

Insurance fringes

A case in point is medical insurance, which seems to be ever increasing in cost and if not monitored by the company may skyrocket to unaffordable rates(see box).

"The explosion in medical costs," says Harry S. Purnell, vice president, Johnson & Higgins, a New York City benefits consulting firm, "is one of the most important issues confronting employers today."

According to the previously cited Chamber of Commerce study, insurance costs—this includes medical, hospital, surgical, major medical, dental, disability, death benefits and life—have risen from 1.7% of wages and salaries in 1961 to 4.2% in 1981.

Says Mary Lou Maxie, consultant for Towers, Perrin, Forster & Crosby, a New York City benefits actuarial services firm, "Health costs are high and going higher all of the time. Today they may actually account for 20% to 30% of a company's payroll."

Due to the skyrocketing costs of health insurance, continues Ellman, employers are trending towards more comprehensive and employee cost sharing plans in an effort to

Other fringe costs

	1961	1963	1965	1967	1969	1971	1973	1975	1977	1979	1981
Cost in ¢ per payroll hr	70.3	80.0	85.8	100.5	116.9	138.5	172.4	216.6	256.3	323.2	385.9
Cost in $ per yr per employee	1447	1634	1751	2049	2397	2830	3514	4427	5250	6632	7958

cut the company's share of the costs.

While realizing that many small businessmen often contract for hospitalization insurance through Blue Cross due to its relatively low cost, Purnell proposes, that to lower their premium payments, employers go to private insurers when it is economically feasible and negotiate the kind of policy that allows for employee cost sharing.

Health and life insurance should be offered to employees in a package that includes dental insurance and at least enough life insurance to cover funeral costs should it be needed, says Cotter. "This would be a very strong company benefits offering."

He suggests that employers either pay for this total insurance program for each employee, letting the employee pay for any dependents to be covered by the package, or split the cost of the package with the employee.

What is the industrial distributor's view of insurance as a fringe benefit?

"Insurance is the most important benefit," syas Frank Deppe, president, Fasteners, Inc., Grand Rapids, MI. His company pays all medical and major medical insurance costs for its employees, he reports, and although dental insurance is not yet available, Deppe is considering adding it to the firm's benefits package.

"Our employees have given us effort, labor and loyalty and the least I can do to pay back some of that is to provide full insurance for them and their dependents," Deppe says.

The Nott Co., based in Minneapolis, provides its employees with a fully paid-for life insurance plan that includes $5000 worth of insurance for the worker and $1000 for all dependents under 23 years of age. After three years with the company, the employee's insurance goes up to $15,000.

However, when it came to health and hospital insurance, the Nott Co. chose an employee cost sharing plan that has workers contributing 25% of the insurance policy's premium.

Ziegler Tools asks its workers to pay 8% of the group major medical insurance premium. "The employee pays just enough to know that he is contributing something to his own health plan," says Bill Ziegler.

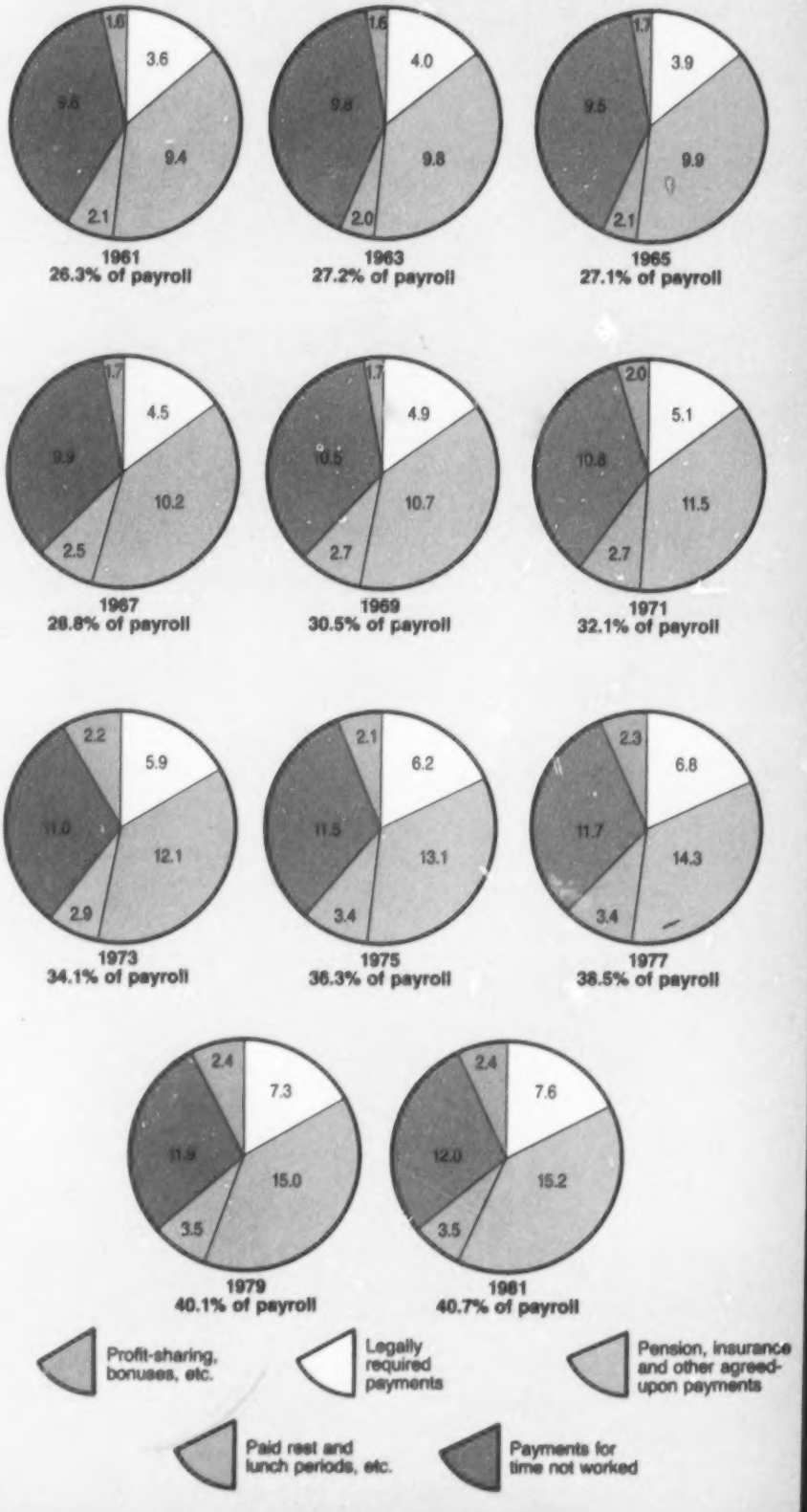
Actually, he continues, in the past, employees paid a higher percentage of the premium but the company has absorbed all of the premium increases that have occurred over the past several years. "The type of policy we have is usually referred to as a 'million dollar' policy, the top of the line, offering extensive coverage, but it does not cover dental benefits."

Ever cognizant of the costs of providing employees with health insurance, Rickert Industrial Supply Co. presents its workers with Blue Cross, Blue Shield and major

20-year growth of employee benefits as % of payroll

(105 non-manufacturing companies)

Total fringe packages



Source: U.S. Chamber of Commerce

Fringe benefits. . .

medical insurance, but no dental insurance. "Dental insurance is just too expensive. We have to leave some health costs up to the employee," explains Mauer.

Leaving a good deal of the insurance premium costs up to the employee, 50% worth, is Ensco Supply Co., Greensboro, NC, a company that offers its workers a wide choice of insurance programs including medical, hospitalization, major medical, maternity benefits and long-term disability.

Leave time

According to Profiles International's Cotter, one of the most important fringes a company can offer its employees is paid vacation. "We find that some smaller companies do not realize the importance of vacation," he says.

Vacations are essential from a competitive standpoint, he continues. "Everyone in the marketplace is competing for the best available talent and the lack of a good vacation benefit makes your talent 'available' to others."

Employee fringe benefits, such as vacations, ensure loyalty and provide motivation, Cotter says. Also, vacations give workers a chance to get away and clear their minds and return to work with their motors fully charged.

Sick leave is also an important benefit, according to Cotter. "Many distributors do not offer this and those that do not are missing an important point. It is demoralizing to be sick for two or three weeks and not get paid for that time." Employees who do not get paid for sick time may form the impression that the company does not care about them as people and consequently their work suffers and they begin to look elsewhere for employment.

Not providing employees with sick leave, says Cotter, can affect an employer not only via a disgruntled employee who has been sick, but also through other workers who observe their fellow employee's situation and realize that an illness could befall them and they too would lose their salary for a time.

At the Nott Co., says Hoover Fleming, president, there is something called a *salary continuation program* that covers an ill or disabled vested worker, providing salary for up to six months. It takes two years of service with the company to become fully vested in the plan.

"This benefit has been a very important consideration to workers in their 40s and 50s, although it is not quite as meaningful to our young people in their 20s and early 30s," Hoover explains.

As far as other leave time goes, employees at the Nott Co. are entitled to eight paid holidays and a paid vacation that can range from two to five weeks, depending upon length of service with the firm.

Ziegler Tools' wage and hourly employees can receive six days of sick leave per year. In order to encourage restraint in the use of this sick leave, the company pays employees for each unused sick day.

A similar plan is practiced at Ensco Supply Co. "We pay our people to be well," says Randolph G. Ensign, president. All employees receive remuneration for whatever part of their five day annual sick leave entitlement remains unused at the end of the year.

Going one step further in the area of sick pay is Fasteners, Inc. where employees can take up to seven days of paid sick leave per year. Workers are allowed to carry over and accumulate sick days from year to year up to a total of 15 days, at which time the company hands the employee a bonus equal to 10 days salary.

Profit-sharing

As a means of getting employees interested in the company's productivity, many distributors offer both profit-sharing plans and bonuses. All employees at Acme Industrial Supply Co. receive a Christmas bonus. In addition, there is often a second bonus given out around mid-April. Coker explains about the April bonus: "After we have determined whether or not we have made any money during the year, and after we have looked at our tax situtation, if we can we will give out the same kind of bonus at mid-year that we did for Christmas."

In addition to the double bonus fringe that Acme Industrial Supply Co. gives its workers, there is also a 100% company-funded profit-sharing plan.

"We may be more generous than most places," says Coker, "but it has paid off for us. Nobody quits here. We have many long-term employees and you could not pry them away from Acme with a crowbar."

At Rickert Industrial Supply Co., in addition to a company-funded profit-sharing plan based upon years of service and salary level, employees also receive a year-end bonus based solely on individual performance levels as determined by department managers. For salesmen, bonuses are based upon productivity as measured against preset performance quotas.

Instead of offering employees a straightforward profit-sharing plan, some companies combine profit-sharing with retirement programs, such as the profit-sharing trust fund at the Nott Co. This program, paid for solely by the employer, is funded through a bank trust with diversified investments in stocks, bonds, treasury certificates, and other interest bearers.

The Nott Co. also awards yearly employee bonuses based upon longevity and merit.

Unusual fringes

The kinds of fringe benefits a company offers its employees are limited only by the imagination of that firm's management and often the choices reflect the singular personality of that particular company. Fringes can range from the usual, practical and conservative to the wild and unique.

Not too unusual is that outside salesmen are provided with company cars at Ensco Supply Co. However, the firm does pick up the gas tab when the cars are run for personal use, such as on the weekends.

The distributor also sports a fully equipped kitchen in which employees can take lunch and still be on the clock, as long as they are willing to respond to any incoming telephone calls.

All employees at Acme Industrial Supply Co. receive a paid holiday each year for their birthdays. "This makes people feel important," explains Coker. "Who would not appreciate his own special, private holiday?"

Ziegler Tools also believes in celebrating its employees' birthdays. In their first four years of employ, workers are handed a birthday cake by the president. From their fifth year on workers are awarded an extra day off.

Running the gamut from the more normal types of fringe, such as providing all employees with parking facilities, to the less usual, giving out Christmas hams and turkeys and funding an annual picnic ("We like to keep the family spirit going and maintain the Christmas spirit," says Mauer.), is Rickert Industrial Supply Co. This company also has one of the more unusual fringe benefits going; every Friday a popcorn wagon is wheeled out and free popcorn is available to everyone.

"We originally got the wagon to use at industrial shows," explains Mauer. "It is very popular. Everbody eats popcorn all day long on Fridays."

Mauer, seeming to echo the sentiments of other industrial distributor executives, feels that his company's overall program of fringe benefits has been an important factor in keeping good people from moving on to other companies.

"I guess by distribution standards we are probably more than ordinarily generous with our fringe benefits, but if we could not afford them, we would not provide them," says Mauer. "As we grow in success, we feel it is only right and decent, as well as good business, to share some of our success with those people who made it possible and will keep right on making it possible." □

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Fringe benefits. . .

Are medical insurance costs making your profits look sick?

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Of all the fringe benefits an employer pays, wholly or in part, to motivate and secure the long-term services of his employees, none causes him to dig more deeply into his pocket than his medical insurance premiums. Health insurance, paid wholly or in part by the company, far outstrips the percentage of payroll that goes into other perquisites such as paid vacations, bonuses, profit sharing, paid holidays, and other benefits over and above the U. S. Government-mandated *Social Security,* the short-term disability insurance required by some five or six states, and of course salaries.

According to Mary Lou Maxie of Towers, Perrin, Forster & Crosby, insurance premiums for basic hospitalization and surgery, in which Blue Cross and Blue Shield are standout names, and the premiums for Major Medical, covering doctors' office calls and prescription drugs, account for anywhere from 20% to 30% of the total payroll. This means that for every $5 on the annual payroll records, at least $1 has gone to pay for medical insurance coverages. "As it stands now, this may be a tolerable figure, even for those small businessmen, including many industrial distributors, who pay most or all of the medical insurance themselves," Maxie says. "The trouble is, the figure is not going to stand still. Premium payments are climbing at a 20% annual rate, well beyond that of the *Consumer Price Index*." Her implication: distributors who are shouldering the entire medical coverage burden for all their employees, or even a major portion of it, are already shelling out a fair share of their income. As premiums continue to inflate, as they have been doing since the 1970s, the employer in a few years may face so heavy a financial burden that he has to ask his employees to pay a share of the premiums, if they do not already do so, or at least underwrite a more equitable program. The alternative to allocating as much as 35% or 40% or more to health insurance premiums, and to take all or most of that out of the company till, can literally become economic suicide for the distributor.

The latest statistics available indicate that between 1975 and 1980, health insurance premiums for businesses across the board climbed by an astonishing 106%. Since then, the trend has continued, Maxie emphasizes, and the costs of medical care show no signs of diminishing. It can hardly be otherwise, the TPF&C consultant feels, inasmuch as medical practitioners show no inclination to hold the price line and a two-weeks stay at a hospital for tests, surgery and recuperation has become so costly that an uninsured person forced to undergo such an ordeal can see his bank account of long duration literally wiped out, and then some.

"If a distributor or other small businessman finds that mounting insurance premiums for employees' health benefits have him backed to the wall, there is definitely something he can do about it," Maxie points out. "And it's *not* canceling his policy and telling his employees that if they want health insurance, they're going to have to pay for all or most of it themselves. Since so many industrial distributors pay the entire premium, their employees have come to regard it as a right, not a privilege. Logical or not, they're going to start walking out in droves because they feel the company is robbing them." Instead of panicking, Maxie suggests, the distributor who wants to put a ceiling on his health insurance premiums may profitably adopt some or all of the following procedures.

• Understand what the policy offers. Unlike large corporations, which can field a sizable personnel staff to do the job, the small businessman sometimes thinks he cannot find time to go over the coverage his health insurance policy offers. According to Maxie, he must find the time, or assign the task of doing so to another executive. Only in this way will he know that if, for example, a worker files a claim for a spouse, that spouse is actually covered. "It's surprising how many small businessmen are only vaguely familiar with the extent of the coverage," Maxie says. "Some, out of ignorance of the details, approve payment of hospitalization for a person who is *not* covered by the policy."

• See that employees understand the policy. Many workers think that their own coverage automatically includes coverage of all dependents. This may or may not be the case, and it can lead to filing for costs for those who are not entitled to it, not out of dishonesty but only of misinformation or non-information. By the same token, a worker may actually be shortchanging himself because he doesn't realize that he is entitled to prescription drugs under the policy, and pays the entire amount himself rather than only the percentage of it called for by the policy.

• Keep an eye on all claims paid. The CEO (or executive in charge of health insurance claims) should get a monthly listing of all claims filed and determine that, according to the above, all are in order. If they are not, he should confront the insurance company that paid the misplaced claim, point out its error, and determine that the premiums for the year ahead are based on the realities of the situation, not on errors committed by employees or clerical errors committed by the insurers themselves. Maxie points out emphatically that insurance firms are virtually never in collusion with dishonest claimants. But, she adds, insurance company employees can be careless in approving unwarranted payments, and they can make arithmetical mistakes. In any case, she adds, they have little to worry about. All they do is hike the premiums the next year, and the company management that doesn't closely monitor their actions pays the freight. (Note: Many managements insist that they themselves survey an insurance claim before it is submitted. In some states, however, the *Privacy Act* precludes this; the employer has no legal right to written information on the employee's personal activities—unless the employee gives the employer a written release.)

Costs of premiums may rise but there are still ways for distributors to keep costs within reason says Mary Lou Maxie

• Insist that employees economize where possible. In certain instances, tests for causes of illness can be conducted either on an out-patient or in-hospital basis. The employer should insist that when possible such tests as X-rays and blood and urine examinations be performed on an out-patient basis. They can be handled in a couple of hours, and not involve a two or three-day in-hospital stint, where room and meals cost $200 per day or more. If the employer lacks the medical expertise to determine if this is feasible, he need only ask his insurance company for the answer.

• Be honest as well as informed. If an employer must cut back on health insurance claims, he should let his employees know why. And, says Maxie, he can offer options: coverage for employees but not for their dependents; a 50-50 split in cost; continued full free coverage but less paid vacation time and fewer holidays. "Let the employer choose," Maxie advises. "But in doing so, always be honest. Lack of candor is the one mistake an employee will not forgive and there go all the benefits of fringes."

ID's QUARTERLY INFLATION INDEX

With recovery in the smokestack sector of the economy still lagging behind the rest of the country, the *Silver/ID Inflation Index* (Table 2) rose only 0.4% over its level at the end of the first quarter, or at an annual rate of only 1.6%. The *NIDA/SIDA Index* rose by exactly the same percentage. Based on the first quarter, the annual rate of inflation of our index was 3.2%.

Table 1 shows that vendor prices to industrial wholesalers are among the softest in the economy. Vendor prices to plumbing and electrical wholesalers for the second quarter went up at an annualized rate averaging about 5%—triple that for industrial products. The *Consumer Price Index* went up 6.4% annually based on the 2nd quarter.

Of the 32 commodity groups in the *Silver/ID Index*, 11 actually declined. The biggest drop was in "Building Wire & Cable" which fell at an annualized rate of 12.4%. The biggest rise for the quarter was in "Builders Hardware," which went up at an annual rate of 13.6%. Seven lines went up at an annual rate of 4% or more.

Many vendors have unpublished extra discounts which are available for special projects, quantity purchases and other situations. In a period of recession such concessions naturally tend to rise. But they are usually not reflected in the published data furnished by the Bureau of Labor Statistics (BLS). Hence, with a published inflation rate for the current quarter of 1.6% annualized, the overall current picture may be one of slight deflation. □

Compiled by Alan Silver Associates, Inc., Highland Park, NJ

Table 1—Comparing inflation indexes

	*BLS inflation rates (%)			
	Current qtr 6/83 vs 3/83 annualized	Year-to-date 6/83 vs 12/82 annualized	12/83 vs 12/82	12/82 vs 12/81
Silver/*ID* index of 32 industrial product groups	1.6%	2.4%	2.0%	2.6%
NIDA/SIDA index of 10 industrial product groups	1.6%	2.2%	1.0%	3.0%
**PPI index of industrial commodities	2.4%	0.2%	1.5%	1.6%
Avg. of above indexes	1.9%	1.6%	1.5%	2.4%
PPI index of finished goods (indl/agric)	2.4%	0.0%	1.8%	3.6%
Silver/Wholesaler index of 19 lines (plmbg/htng)	5.6%	5.6%	2.5%	2.3%
Electrical Marketing index of 24 product groups	4.4%	4.2%	3.6%	2.9%
***NAED inflation index: 16 product groups	5.2%	9.2%	7.3%	4.8%
Consumer Price Index	6.4%	3.8%	2.6%	3.9%

*Bureau of Labor Statistics (1967 = 100)
**Producers Price Index (formerly Wholesale Price Index)
***National Assn. of Electrical Distributors (non-BLS) (1973 = 100)
NOTE: All figures are based on BLS unadjusted indexes unless otherwise noted. For the first quarter of each year, the first two columns of figures will be alike. For all other quarters, the first column will be the last quarter annualized, and the second column of figures will be current year-to-date annualized. Upcoming reports will follow the above format.

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Table 2—ID quarterly inflation index (1967 = 100)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Product category	Current qtr 6/83	Previous qtr 3/83	% inflation	Current qtr. annualized %	Year-to-date 6/83 vs 12/82 %	Year-to-date 6/83 vs 12/82 annualized %	Last 12 months	4th qtr 82	4th qtr 81	Annual inflation 82 %
Industrial oil	368.7	371.0	−0.6	−2.4	−1.1	−2.2	1.2	372.9	359.8	3.6
Prepared paint	265.1	265.1	0.0	0.0	0.0	0.0	0.0	265.1	256.7	3.3
*Rubber belts & belting	330.5	329.1	0.4	1.6	0.7	1.4	0.0	328.1	312.3	5.1
Other misc. rubber products	302.6	303.0	−0.1	−0.4	2.8	5.6	3.0	294.3	277.6	6.0
Plastic construction products	149.1	147.1	1.4	5.6	−2.6	−5.2	0.3	153.1	153.4	−0.2
Semi-finished steel products	369.7	371.7	−0.5	−2.0	0.3	0.6	6.1	368.7	347.5	6.1
Wire & cable	205.4	206.1	−0.3	−1.2	3.7	7.4	0.5	198.1	206.7	−4.2
Electric wire & cable	102.0	100.1	1.9	7.6	2.0	4.0	—	100.0	—	—
Building wire & cable	109.1	112.6	−3.1	−12.4	9.1	18.2	—	100.0	—	—
Builders hardware	287.5	278.1	3.4	13.6	5.5	11.0	5.9	272.6	266.1	2.4
*Hand tools	344.8	344.5	0.1	0.4	0.8	1.6	2.3	342.1	323.3	5.8
*Misc. metal products	287.4	289.8	−0.8	−3.2	−0.5	−1.0	−0.7	288.7	281.4	2.6
Industrial safety eq.	133.6	132.8	0.6	2.4	2.3	4.6	2.8	130.6	125.1	4.4
*Bolts, nuts, screws & rivets (fasteners)	268.7	269.0	−0.9	−3.6	−1.2	−2.4	−2.5	270.0	269.3	0.3
*Power-drive hand tools	221.1	220.7	0.2	0.8	−0.2	−0.4	−0.3	221.6	214.7	3.2
Welding machines & eq.	272.8	274.2	−0.5	−2.0	−0.1	−0.2	2.0	273.1	270.0	1.1
*Cutting tools & accessories	276.1	273.4	1.0	4.0	1.5	3.0	1.1	272.1	263.9	3.1
Precision measuring tools	246.4	244.9	0.6	2.4	2.0	4.0	3.3	241.5	233.1	3.6
*Abrasive products	307.1	305.3	0.6	2.4	2.9	5.8	3.0	298.4	285.7	4.4
Metal cutting machine tools	378.1	374.7	0.9	1.8	1.4	2.8	2.1	372.7	359.1	3.8
Metal forming machine tools	415.6	414.4	0.3	1.2	0.9	1.8	3.7	411.8	389.2	5.8
Pumps, compressors & eq.	347.4	347.8	−0.1	−0.4	−0.2	−0.4	0.0	348.2	338.2	2.9
Fluid power eq.	253.4	251.5	0.8	3.2	1.8	3.6	4.3	248.9	234.0	6.4
*Industrial material handling eq.	285.0	285.2	−0.1	−0.4	−0.7	−1.4	−0.7	286.9	284.6	0.8
*Mechanical power transmission eq.	315.5	314.5	0.3	1.2	1.1	2.2	1.1	312.0	306.6	1.8
*Metal valves, (except fluid power)	100.2	100.0	0.2	0.8	0.2	0.4	—	100.0	—	—
*Metal pipe fittings	101.6	100.7	0.9	3.6	1.6	3.2	—	100.0	—	—
Ball & roller bearings	330.6	331.2	−0.2	−0.8	−1.4	−2.8	−1.0	335.3	321.6	4.3
Plain bearings	263.5	260.8	1.0	4.0	2.5	5.0	−3.9	257.0	271.6	−5.4
Wiring devices	336.9	330.8	1.8	7.2	2.8	5.6	4.4	327.8	318.9	2.8
Electrical instruments	271.9	268.1	1.4	5.6	3.8	7.6	5.3	261.9	243.8	7.4
Electric motors	304.5	303.0	0.5	2.0	1.9	3.8	5.7	298.8	284.1	5.2
Generators & generator sets	343.0	339.5	1.0	4.0	3.6	7.2	0.6	331.1	323.5	2.3
*NIDA/SIDA composite	297.3	296.0	0.4	1.6	1.1	2.2	1.0	294.2	285.5	3.0
Silver/ID composite	288.7	287.5	0.4	1.6	1.2	2.4	2.0	285.2	278.1	2.6

*Included in NIDA/SIDA composite

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